

Risk area 1 – Operations	Likelihood (1: least likely, 10: most likely)	Impact (1: least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Operational disaster (fire/flood etc)	1	6	6	Business continuity procedures in place for administrator	Scheme manager	Annual	Q1 Y2	Up-to-date business resiliency programme provided by administrator as at 01/01 Y2, reviewed by scheme manager at meeting in Q1 Y2
				Business continuity plans in place for scheme manager	Scheme manager	Annual	Q2 Y2	Documented programme in place to ensure continuity will be provided by pension finance manager to scheme manager in time for quarterly meeting in Q2 Y2
				Contracts with all advisers and suppliers are recorded on central database	Pension finance manager	Annual	Q1 Y3	Contracts held in hard copy in safe, and electronically in secure area of scheme management intranet. Checked by pension finance manager January Y2
Member data incomplete or inaccurate	5	7	35	Annual report from administrator, used as basis for rectification plan	Scheme manager	Annual	Q3 Y2	Initial rectification plan completed Q3 Y1. New report received from administrator at Q1 Y2 meeting, revised rectification plan agreed with administrator. To review progress at Q3 quarterly meeting
				'Not known at this address' returns from annual statements checked by tracing agency	Pension administrator	Annual	Q2 Y2	Details provided by administrator mid January Y2, passed to tracing agency at end of January. 25% traced by quarterly meeting in Q1, update will be provided to scheme manager for Q2 meeting
Administration process failure/maladministration	4	8	32	Formal agreement in place with administrator, including SLAs	Pension finance manager	Annual	Q1 Y3	Last reviewed Q2 Y1, three year agreement
				Authority levels clearly agreed and kept up-to-date	Scheme manager	Annual	Q2 Y2	Last reviewed Q2 Y1
				Review independent audit reports of administrator's processes	Scheme manager	Annual	Q2 Y2	AAF01/06 held by administrator as at DD/MM/YYYY
				Ongoing dialogue with third party administrator	Pension administration manager	Ongoing	Q2 Y2	Weekly phone calls between pension administrator manager and third party administrator, plus ad hoc calls when necessary
				Written reports and quarterly presentations by administrator to scheme manager	Scheme manager	Quarterly	Q2 Y2	Next report from administrator due two weeks before quarterly meeting

<b>Risk area 2 – Financial</b>	Likelihood (1: least likely, 10: most likely)	Impact (1: least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Excessive charges by suppliers	3	2	6	Annual review of scheme budget, quarterly review of costs incurred against budget	Scheme manager	Quarterly	Q2 Y2	Annual budget agreed Q1 Y2. Q4 Y1 charges reviewed and agreed Q1 Y2
				Periodic review of suppliers	Scheme manager	Annual	Q1 Y1	Planning underway for review of administrator in Q3 Y2, to include cost and performance benchmarking
Fraud/Fraudulent behaviour	1	10	10	Conduct a monthly fraud monitoring process of incoming contributions payments against the schedule of contributions	Scheme manager	Monthly	Q2 Y2	All contributions have been accounted for and have been paid in accordance with the schedule of contributions
				Check incoming and outgoing scheme funds against schemes forecast – reconciling all funds	Scheme manager	Monthly	Q2 Y2	Accounts forecast against actual checked and balance

<b>Risk area 3 – Funding</b>	Likelihood (1: least likely, 10: most likely)	Impact (1: least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Employer failure to pay contributions into scheme	1	10	10	Monthly monitoring of contribution payments by pension finance manager and administrators	Scheme manager	Monthly	Q2 Y2	All Q4 Y2 contributions paid in accordance with Schedule of Contributions
				Ongoing dialogue with employer over willingness and ability to pay	Scheme manager	Half yearly	Q3 Y2	Presentation to scheme manager by pension finance manager scheduled for Q2 Y2
				Annual audit	Pension finance manager	Annual	Q3 Y2	Accounts for year ended 31 March Y1 signed off by auditors without qualification. Planning for next audit will start during Q3 Y2
Failure of non-public sector employers	2	10	20	Scheme manager monitoring of employer covenant and business strength	Scheme manager	Half yearly	Q1 Y1	Financial strength of major employers. Presentation to scheme manager by pension finance manager scheduled for Q2 Y2. Confidentiality agreement signed by all relevant persons
				Use of bonds and guarantees	Scheme manager	Ongoing	Q2 Y2	Pension finance manager confirms that all guarantees are still in force and effective

<b>Risk area 4 – Regulatory and compliance</b>	<b>Likelihood</b> (1: least likely, 10: most likely)	<b>Impact</b> (1: least likely, 10: most likely)	<b>Score</b> (likelihood x impact)	<b>Control</b>	<b>Owner</b>	<b>Test</b>	<b>Next review</b>	<b>Comment</b>
Failure to interpret rules or legislation correctly	2	7	14	Up-to-date and documented training log, showing completion of scheme-specific and The Pensions Regulator’s educational material	Scheme manager	Annual	Q1 Y3	All relevant persons have completed educational material
				Technical advice and updates	Scheme manager	Annual	Q4 Y2	Updates received from responsible authority, scheme advisory board and professional advisers; acted on.
Conflicts of interest	2	5	10	Pension board awareness of legal responsibilities	Pension board chair	As required	Q2 Y2	All pension board members have completed educational material
				All pension board members to declare any conflicts and potential conflicts	Scheme manager	Ongoing	Q2 Y2	Conflicts document signed by all pension board members, recorded in conflicts register. Reminder, and any changes or additional conflicts, will be minuted at each pension board meeting.

Note: Public service pension schemes and legislation about the new governance and administration requirements are expected to come into effect in April 2015.